

**Introduced by Senator Cannella**

February 17, 2016

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An act to amend Section 17053.5 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 1103, as introduced, Cannella. Taxation: renters' credit.

The Personal Income Tax Law authorizes various credits against the taxes imposed by that law, including a credit for qualified renters in the amount of \$120 for married couples filing joint returns, heads of household, and surviving spouses if adjusted gross income is \$50,000, as adjusted currently to \$76,518, or less, and in the amount of \$60 for other individuals if adjusted gross income is \$25,000, as adjusted currently to \$38,259, or less.

This bill would, for taxable years beginning on and after January 1, 2017, increase this credit for a qualified renter to \$184 for married couples filing joint returns, heads of household, and surviving spouses, if adjusted gross income is \$100,000 or less and to an amount equal to \$92 for other individuals whose adjusted gross income is \$50,000 or less. The bill would require the Franchise Tax Board to annually adjust the adjusted gross income amounts for inflation, beginning January 1, 2018.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Section 17053.5 of the Revenue and Taxation Code is amended to read:

17053.5. (a) (1) For a qualified renter, there shall be allowed a credit against his or her “net tax,” as defined in Section 17039.

The amount of the credit shall be as follows:

(A) For ~~married~~ taxable years beginning before January 1, 2017:

(i) For married couples filing joint returns, heads of household, and surviving spouses, as defined in Section 17046, the credit shall be equal to one hundred twenty dollars (\$120) if adjusted gross income is fifty thousand dollars (\$50,000) or less.

~~(B)~~

(ii) For other individuals, ~~tax~~ the credit shall be equal to sixty dollars (\$60) if adjusted gross income is twenty-five thousand dollars (\$25,000) or less.

~~(B)~~

(B) For taxable years beginning on or after January 1, 2017:

(i) For married couples filing joint returns, heads of household, and surviving spouses, as defined in Section 17046, the credit shall be equal to one hundred eighty-four dollars (\$184) if adjusted gross income is one hundred thousand dollars (\$100,000) or less.

(ii) For other individuals, the credit shall be equal to ninety-two dollars (\$92) if adjusted gross income is fifty thousand dollars (\$50,000) or less.

(2) Except as provided in subdivision (b), a husband and wife shall receive ~~but~~ one credit under this section. If the husband and wife file separate returns, the credit may be taken by either or equally divided between them, except as follows:

(A) If one spouse was a resident for the entire taxable year and the other spouse was a nonresident for part or all of the taxable year, the resident spouse shall be allowed one-half the credit allowed to married persons and the nonresident spouse shall be permitted one-half the credit allowed to married persons, prorated as provided in subdivision (e).

(B) If both spouses were nonresidents for part of the taxable year, the credit allowed to married persons shall be divided equally between them subject to the proration provided in subdivision (e).

1 (b) For a husband and wife, if each spouse maintained a separate  
2 place of residence and resided in this state during the entire taxable  
3 year, each spouse will be allowed one-half the full credit allowed  
4 to married persons provided in subdivision (a).

5 (c) For purposes of this section, a “qualified renter” means an  
6 individual who satisfies both of the following:

7 (1) Was a resident of this state, as defined in Section 17014.

8 (2) Rented and occupied premises in this state which constituted  
9 his or her principal place of residence during at least 50 percent  
10 of the taxable year.

11 (d) “Qualified renter” does not include any of the following:

12 (1) An individual who for more than 50 percent of the taxable  
13 year rented and occupied premises that were exempt from property  
14 taxes, except that an individual, otherwise qualified, is deemed a  
15 qualified renter if he or she or his or her landlord pays possessory  
16 interest taxes, or the owner of those premises makes payments in  
17 lieu of property taxes that are substantially equivalent to property  
18 taxes paid on properties of comparable market value.

19 (2) An individual whose principal place of residence for more  
20 than 50 percent of the taxable year is with ~~another~~ *any other* person  
21 who claimed that individual as a dependent for income tax  
22 purposes.

23 (3) An individual who has been granted or whose spouse has  
24 been granted the homeowners’ property tax exemption during the  
25 taxable year. This paragraph does not apply to an individual whose  
26 spouse has been granted the homeowners’ property tax exemption  
27 if each spouse maintained a separate residence for the entire taxable  
28 year.

29 (e) An otherwise qualified renter who is a nonresident for any  
30 portion of the taxable year shall claim the credits set forth in  
31 subdivision (a) at the rate of one-twelfth of those credits for each  
32 full month that individual resided within this state during the  
33 taxable year.

34 (f) A person claiming the credit provided in this section shall,  
35 as part of that claim, and under penalty of perjury, furnish that  
36 information as the Franchise Tax Board prescribes on a form  
37 supplied by the board.

38 (g) The credit provided in this section shall be claimed on returns  
39 in the form as the Franchise Tax Board may from time to time  
40 prescribe.

(h) For purposes of this section, “premises” means a house or a dwelling unit used to provide living accommodations in a building or structure and the land incidental thereto, but does not include land only, unless the dwelling unit is a mobilehome. The credit is not allowed for any taxable year for the rental of land upon which a mobilehome is located if the mobilehome has been granted a homeowners’ exemption under Section 218 in that year.

(i) This section shall become operative on January 1, 1998, and applies to any taxable year beginning on or after January 1, 1998.

(j) For each taxable year beginning on or after January 1, 1999, *and before January 1, 2017, and for each taxable year beginning on or after January 1, 2018*, the Franchise Tax Board shall recompute the adjusted gross income amounts set forth in *subparagraphs (A) and (B), respectively, of paragraph (1) of subdivision (a)*. The computation shall be made as follows:

(1) The Department of Industrial Relations shall transmit annually to the Franchise Tax Board the percentage change in the California Consumer Price Index for all items from June of the prior calendar year to June of the current year, no later than August 1 of the current calendar year.

(2) The Franchise Tax Board shall compute an inflation adjustment factor by adding 100 percent to ~~the~~ *that* portion of the percentage change figure ~~which is~~ furnished pursuant to paragraph (1) and dividing the result by 100.

(3) The Franchise Tax Board shall multiply ~~the amount in subparagraph (B) of amounts in~~ *paragraph (1) of subdivision (a)* for the preceding taxable year by the inflation adjustment factor determined in paragraph (2), and round off the resulting products to the nearest one dollar (\$1).

(4) (A) In computing the amounts pursuant to this subdivision, the amounts provided in *clause (i) of subparagraph (A) of paragraph (1) of subdivision (a)* shall be twice the amount provided in *clause (ii) of subparagraph ~~(B)~~ (A) of paragraph (1) of subdivision (a)*.

(B) *In computing the amounts pursuant to this subdivision, the amounts provided in clause (i) of subparagraph (B) of paragraph (1) of subdivision (a) shall be twice the amount provided in clause (ii) of subparagraph (B) of paragraph (1) of subdivision (a).*

1       SEC. 2. This act provides for a tax levy within the meaning of  
2       Article IV of the Constitution and shall go into immediate effect.

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